

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 6822

BILL NUMBER: SB 288

DATE PREPARED: Dec 28, 2001

BILL AMENDED:

SUBJECT: ADM Counts.

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FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill provides for periodic adjustments in the average daily membership (ADM) count of students enrolled in school corporations.

Effective Date: July 1, 2002.

Explanation of State Expenditures: The impact of the bill is indeterminable. The ADM is used in the school formula calculations of state support. Periodic adjustments in the ADM could change the amount of tuition support distributed to local schools. If the ADM increases, the school might receive more funding, and if the ADM decreases the school might receive less funding. The current school formula, except for schools that had private school students enrolled in CY 2000, guarantees that a school will receive at least a 2% increase in regular program funding for CY 2003. Schools above the minimum guarantee level of funding would be affected by changes in enrollments.

Example: If the number of students in schools with growing ADMs increase by about 1,080, an additional 10% above the actual increase from 2001 to 2002, after the September count date, state funding would increase about \$5.6 M and general fund property tax revenue would decrease by about \$200,000.

The current school formula specifies the maximum amount of state tuition support that can be distributed during CY 2002 and CY 2003. If the formula distributes more than the maximum, the amount distributed to each school is reduced so the distribution equals the limit. The bill has no state fiscal impact for CY 2003 unless the possible increase in ADM caused the formula to exceed the calendar year maximums and the legislature increased the limit.

Property tax levies for schools are set by the State Board of Tax Commissioners by February 15th. Changes in maximum levy after that date caused by changes in the school formula could cause some administrative problems for the Tax Board, local county auditors, and local schools.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: See *Explanation of State Expenditures*.

State Agencies Affected: Department of Education and State Board of Tax Commissioners.

Local Agencies Affected: Local School Corporations and County Auditors.

Information Sources: Department of Education databases.